

# **EXHIBIT**

## **B:**

**WILLIAM  
MICHAEL  
MEBANE'S  
DEPOSITION  
EXCERPTS  
02/24/04**

**IN THE UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF OHIO  
WESTERN DIVISION**

**CASE NO. C-1-01-641**

**Q & R ASSOCIATES, INC.,**

**Plaintiff,**

**vs.**

**UNIFI, INC., et al,**

**Defendant.**

**DEPOSITION**

**COPY**

**WITNESS: WILLIAM MICHAEL MEBANE**

**TAKEN AT THE LAW OFFICES OF:  
CARRUTHERS & ROTH, P.A.  
235 North Edgeworth Street  
Greensboro, NC 27401**

**DATE: 02-24-04  
TIME: 08:57 A.M.**

**REPORTER: DALE L. RING  
CHAPLIN & ASSOCIATES, INC.**

**CHARLOTTE (704) 335-1954 TRIAD (336) 992-1954 RALEIGH (919) 807-1954**

William Michael Mebane

Page 108

1           A.    And at this point of our discussions, we  
2           had already defined the -- the primary terms under  
3           which they would represent Unifi.

4           Q.    Uh-huh (yes).

5           A.    We had included in those terms an  
6           understanding that either side could withdraw from  
7           this representation with a certain number of days  
8           of commissions paid. Originally, they had asked  
9           for six months's worth of commissions, or 180  
10          days. I had originally offered 90 days of  
11          commissions to be paid for them.

12                   And we had come to the understanding  
13          that 120 days would be what we put into our  
14          agreement. And any reference to a change of  
15          control for Unifi would be covered under the 120-  
16          day termination understanding.

17          Q.    Is that how you responded when they  
18          raised the issue?

19          A.    As ---

20          Q.    We'll exercise our right to terminate?

21          A.    Yeah, said the protection that you have  
22          is covered under the termination clause, whether  
23          it's for purposes of change of control of the  
24          plant, or unable to fulfill it for any reasons.

25          Q.    Did they respond to you in any way after

William Michael Mebane

Page 109

1       you said that?

2           A.    Mr. Quinn had indicated that he  
3       preferred to have a more definitive, separate  
4       agreement for change of control.  And I had  
5       indicated to him that I was not authorized to --  
6       to do that.

7           Q.    Okay.

8           A.    The constraints I had were regarding a  
9       commercial relationship, and I could not agree --  
10      I could not -- I was not authorized to do anything  
11      beyond that.

12          Q.    Did you believe you had reached an  
13      agreement with Q & R at this meeting -- in this  
14      suite?

15          A.    Yeah, I believe that we had come to an  
16      agreement on the terms and conditions under which  
17      they would represent us.  Yes, I did.

18          Q.    Now, you said you met with them two  
19      other times in Miami.  When was the next meeting?

20          A.    I had lunch, and I believe it was with  
21      Mr. Ranz, and one other of my staff members, and  
22      I'm sorry, I don't recall exactly who it would  
23      have been.  And then we had a -- a meeting with  
24      one of the potential customers of ourselves, and  
25      Mr. Ranz asked to be included in that meeting, and

William Michael Mebane

Page 145

1           A.    I remember telling Mr. Quinn that if  
2           there was, you know, any circumstance around a  
3           change of control, that just as I had done for our  
4           employee, Gene Kelly, I would also do for them.

5                   And so I -- I do not recall,  
6           specifically, making that request to Delaney or  
7           Smith.

8           Q.    Okay. When did you tell Mr. Quinn that?

9           A.    It would have been either during or  
10          right after our conversations in Miami.

11          Q.    The agreement that you had reached in  
12          Miami, did you ever refer to that as a North  
13          Carolina agreement?

14          A.    Very possibly, I could have. I do  
15          not -- maybe, I -- I think I put that into my --  
16          my previous statements, and that would be  
17          something that I would -- would have said, so  
18          yeah, I probably did say that.

19          Q.    Is that a phrase you use, a North  
20          Carolina agreement?

21          A.    I mean, no often, but it -- it would not  
22          be out of character.

23          Q.    But what did it mean to you when you  
24          said it?

25          A.    That we had agreed upon all of the

William Michael Mebane

Page 146

1 significant terms and conditions of Q & R  
2 representing Unifi. And that we stood up, left  
3 that meeting shaking hands, and so I was agreeing  
4 to do what I said I would do. And I was expecting  
5 them to do what they said they would do.

6 And at that time, I thought we had an  
7 agreement.

8 Q. As you sit here, today, do you think  
9 that you had an agreement then?

10 A. At that time, I did. It was not until  
11 later, when I received a message back from  
12 Mr. Quinn on two pretty substantive points that  
13 indicated to me that he didn't feel like we had an  
14 agreement, even though we had agreed upon those  
15 same points together, in person.

16 Q. Do you recall signing an affidavit in  
17 this case?

18 A. I do.

19 (PLAINTIFF'S EXHIBIT  
20 NUMBER 25 WAS MARKED  
21 FOR IDENTIFICATION)

22 Q. I hand you Exhibit 25. I'll just ask  
23 you if this is that affidavit that you signed?  
24 (Witness examined document)

25 A. Yes, it appears to be.

William Michael Mebane

Page 151

1 Q. And it's got the date there of  
2 March 27th. Is that the date of the meeting in  
3 Miami that we were talking about this morning?

4 A. I believe it was.

5 Q. Paragraph 14 talks about the North  
6 Carolina agreement.

7 A. Okay.

8 Q. It says there that, "After I thought we  
9 had reached an agreement, I stated that UTF and  
10 Q & R had reached a 'North Carolina agreement' on  
11 the terms, as I had stated them, and shook hands  
12 with Mr. Quinn and Mr. Ranz on the verbal  
13 agreement." Was there a verbal agreement that  
14 day?

15 A. I believed that there was.

16 Q. Okay. You're saying that -- did you say  
17 that in the past tense, I believed? I was just --  
18 I may not have heard you correctly.

19 A. Yes. I said I believed there was.

20 Q. Okay.

21 A. I mean, I'm not an attorney ---

22 Q. Understood.

23 A. --- to understand if a point -- a  
24 contract exists or not, but at this point, we had  
25 agreed on all the substantive terms of them

William Michael Mebane

Page 197

1 Q. So I ---

2 A. It must be a woman.

3 Q. And by Avgol's agent, that was Cleaver,  
4 correct?

5 A. Again, I -- it says what it says ---

6 Q. Okay.

7 A. --- Avgol's agent.

8 Q. All right. The next sentence says, "I'm  
9 very upset by this, and it makes it very difficult  
10 for us to start-up the plant and sell it up with  
11 this guy blabbing about our talks."

12 Who is "this guy"?

13 A. I was referring to Avgol's agent.

14 Q. And does the agent -- do you know who  
15 the agent was?

16 A. It would have been someone within the  
17 Cleaver organization.

18 Q. You don't know specifically, but  
19 somebody in there?

20 A. No.

21 Q. The e-mail goes on to say, "I'm,  
22 therefore, requesting that the M & A group take  
23 over this endeavor and negotiate on behalf of  
24 Unifi."

25 Who was the M & A group?



William Michael Mebane

Page 198

1 A. Ron and Mike.

2 Q. Okay. Was it by this e-mail that you  
3 requested those guys take over the endeavor? This  
4 was the request?

5 A. Yes.

6 Q. There wasn't a phone call before this  
7 e-mail?

8 A. I don't recall.

9 Q. Okay. It goes on to say, "I'll help in  
10 any way possible." Did they ever ask for your  
11 help?

12 A. No, they did not.

13 Q. Did you ever offer ---

14 A. No.

15 Q. --- any help?

16 A. No.

17 Q. Okay. The bottom of the first paragraph  
18 talks about a suggestion for how to value the  
19 business. How did you come up with the numbers in  
20 that sentence? It says "I do -- it starts, "I do  
21 suggest, however" -- where did the \$10 million per  
22 year come from?

23 A. As it says, "expected future cash flow."

24 Q. Yeah, but was there a report? Was this  
25 the projection we were talking about?

William Michael Mebane

Page 221

1 suggested 180 days, and we agreed on 120 days.

2 And that either one of us could terminate it for  
3 cause or non-performance without that notice.

4 Q. Now, on March 30th, 2001, were you aware  
5 of the status of the discussions between Unifi and  
6 Avgol?

7 A. No.

8 Q. In that paragraph on Exhibit 36 that  
9 we're looking at, it says "with 120 days notice."  
10 Is that a termination provision? Is that what you  
11 intended by that?

12 A. Yes.

13 Q. So it could be terminated on 120 days  
14 notice?

15 A. That's correct.

16 Q. I had thought that earlier this morning,  
17 you had said that it was 120 days where  
18 commissions would be paid. Would -- and I don't  
19 know if you intended it to mean something other  
20 than termination, or if it was just going to be a  
21 period where the termination was automatic, but  
22 they would keep getting the residual commissions  
23 for 120 days, or if they would be out there  
24 working for 120 days, following the notice.

25 A. I believe that there was a subsequent

William Michael Mebane

Page 222

1 communication between us to try to clarify that  
2 point. But the phrase 120-day notice meant that  
3 we could end the representation, and we would be  
4 responsible for their commissions for 120 days.

5 Q. So the representation would end  
6 immediately?

7 A. Well, and I guess there's some logic in  
8 how you do that, based on the circumstances.

9 Q. And what's -- what is that logic?

10 A. I think there's another document that  
11 outlines that -- the letter that I sent Mike Quinn  
12 that had the check attached to it. I was asking  
13 for some clarification on that from him.

14 Q. I believe that was an April 25th or 26th  
15 letter. Does that sound right?

16 A. That -- approximately.

17 Q. I'll find it for you here. Here it is.

18 (PLAINTIFF'S EXHIBIT  
19 NUMBER 37 WAS MARKED  
20 FOR IDENTIFICATION)

21 It's Exhibit 37. Is that the letter  
22 you're referring to?

23 A. Yes, it is.

24 Q. Who wrote this letter?

25 A. I did.

William Michael Mebane

Page 248

1 A. I would be guessing.

2 Q. Do you remember ever asking Ron Smith or  
3 Mike Delaney to write Q & R into the deal somehow  
4 with Avgol, so that they would, you know, have  
5 work to do after the closing?

6 A. I remember telling Mike Quinn that if  
7 there were any subsequent transactions with UTF  
8 that I would treat him like I did Gene Kelly.

9 Q. And how did you treat Gene Kelly?

10 A. We requested that Q & R take him into  
11 their organization, and that his employment would  
12 be continued.

13 Q. Okay. Do you remember ever doing that  
14 for Q & R?

15 A. You know, I mean, it's -- it says it  
16 right here, so you know, and do I remember sitting  
17 down and typing the keys, no, I do not remember.  
18 It is -- it is apparent that that's what I had  
19 said to him.

20 Q. Okay. Now, let's go back to Exhibit 41  
21 here. This -- it looks like it's an agenda for  
22 the April 10th and 11th Mocksville, North  
23 Carolina, business review meeting. Were -- did  
24 you attend this meeting?

25 A. I don't believe I did. I don't believe